Bill Draft 2013-TMxz-10: UI Duration Based Only on Unemployment Rates.

2013-2014 General Assembly

Committee:	Joint Legislative Oversight Committee on Unemployment Insurance	**Date:**	May 9, 2014
Introduced by:		**Prepared by:**	Greg Roney Committee Counsel
Analysis of:	2013-TMxz-10		

***SUMMARY:** The bill draft would eliminate the variable range for unemployment insurance (UI) duration and base the duration of UI benefits only on the unemployment rate. Under the proposal, all UI claimants would receive the maximum number of weeks of UI benefits currently allowed.*

CURRENT LAW: The duration of UI benefits is determined based on a formula in G.S. 96-14.4 and a table in G.S. 96-14.3.

The formula in G.S. 96-14.4 was designed to reward UI claimants who have a higher attachment to the workforce by comparing base period wages and wages in the last 2 quarters. The formula resulted in some UI claimants receiving less than the maximum number of weeks of UI benefits allowed under the table.

The table in G.S. 96-14.3 gives the minimum and maximum number of weeks an individual is allowed to receive UI benefits depending on the seasonal adjusted statewide unemployment rate that applies to the six-month period in which the claim is filed.[1] The table follows:

Seasonal Adjusted Unemployment Rate	Minimum Number of Weeks	Maximum Number of Weeks
Less than or equal to 5.5%	5	12
Greater than 5.5% up to 6%	6	13
Greater than 6% up to 6.5%	7	14
Greater than 6.5% up to 7%	8	15
Greater than 7% up to 7.5%	9	16
Greater than 7.5% up to 8%	10	17
Greater than 8% up to 8.5%	11	18
Greater than 8.5% up to 9%	12	19
Greater than 9%	13	20

BILL ANALYSIS: The bill draft would eliminate the variable range for the duration of UI benefits and pay all UI claimants based on the maximum number of weeks currently allowed. The bill draft also makes conforming changes to statutory cross-references.

BACKGROUND: S.L. 2013-2 (House Bill 4), UI Fund Solvency & Program Changes, reduce the maximum duration of regular UI benefits from 26 weeks to 20 weeks and tied the duration of UI benefits to the seasonal adjusted unemployment rate under a table. S.L. 2013-2 did not change the formula setting a variable number of weeks based on attachment to the workforce. The interaction of the existing formula and the new table does not reduce benefits below 17 weeks – making the minimum

[1] One six month base period begins on January 1 and one six month base period begins on July 1. For the base period that begins January 1, the average of the seasonal adjusted unemployment rates for the State for the preceding months of July, August, and September applies. For the base period that begins July 1, the average of the seasonal adjusted unemployment rates for the State for the preceding months of January, February, and March applies.

number of weeks in the table inoperable below 17 weeks. The bill draft would remove the variable range and place all UI claimants at the maximum duration.

EFFECTIVE DATE: The bill draft would be effective July 1, 2014 and apply to claims for UI benefits filed on or after July 1, 2014.